

Suzanne Henderson

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

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## **OIL, GAS, AND MINERAL LEASE (PAID UP)**

THIS AGREEMENT made on this 7<sup>th</sup> day of January, 2009 between Carol W. Holland, a married woman dealing in her sole and separate property, 2222 Pinellas Point Drive, South, St. Petersburg, Florida 33712, Lessor (whether one or more), and Grande Energy Company d/b/a Grandeco Corp., whose address is P.O. Box 470988, Fort Worth, Texas 76147-0988, Lessee, WITNESSETH:

1. Lessor, in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable considerations in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases, and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and mining for and producing oil, gas, and all other minerals, laying pipe lines, and building tanks and telephone lines thereon to produce, save, take care of, treat, transport, store, and own said products, the following described land in Tarrant County, Texas, to-wit:

### **SEE ADDENDUM ATTACHED FOR LEGAL DESCRIPTION AND ADDITIONAL PROVISIONS**

2. Subject to the other provisions herein contained, this lease shall be for a term of five (5) years from this date (called primary term) and as long thereafter as oil, gas, or other mineral is produced from said land hereunder, or as long as drilling or reworking operations are being conducted on said land as is hereinafter provided.

3. The royalties to be paid by Lessee are: (a) on oil, one-fourth (1/4th) of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying therefor the market price prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-fourth (1/4th) of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-fourth (1/4th) of the amount realized from such sale; where gas from a well producing gas only is not sold or used, Lessee may pay as royalty \$50.00 per acre for each acre that is subject to the shut-in provision of this lease annually, and upon such payment it will be considered that gas is being produced within the meaning of Paragraph 2 hereof; and (c) on all other minerals mined and marketed, one-fourth (1/4th), either in kind or value, at the well or mine, at Lessee's election, except that on sulphur the royalty shall be Five Dollars (\$5.00) per long ton marketed. Lessee shall have free use of oil, gas, and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. After the discovery of any mineral in paying quantities on the land, all of Lessee's rights shall remain in effect as long as any mineral is produced therefrom. If cessation of production occurs at any time after the expiration of the primary term, then this lease shall not terminate if Lessee, until production is again procured, does not allow more than ninety (90) days to elapse between the cessation of production and the commencement of additional drilling or reworking operations in a bona fide effort to again obtain production, and successive attempts may be made so long as not more than ninety (90) days are allowed to elapse between the completion or abandonment of one well and the commencement of operations on another until production is again obtained. If, at the expiration of the primary term, oil, gas, or other mineral is not being produced from the land then covered hereby or lands pooled therewith, but Lessee is then engaged in operations for drilling or reworking operations on some part of the land hereunder or lands pooled therewith, this lease shall not terminate if Lessee does not allow more than ninety (90) days to elapse between the abandonment of one well and the commencement of drilling or reworking operations on another until production is obtained. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within six hundred and sixty feet (660') of or draining the leased

premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

5. Lessee shall have the right at any time during or ninety (90) days after the expiration of this lease to remove all property and fixtures placed by Lessee on said land. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within four hundred feet (400') of any residence or barn now on said land without Lessor's prior written consent.

6. The rights and estates of either party hereto may be assigned in whole or in part, but no change or division in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations, nor to diminish the rights, privileges, and estates of Lessee, nor to impair the effectiveness of any payment made by, nor of any act performed by, Lessee hereunder. And no such change or division in the ownership of said land or royalties, however accomplished, shall ever be binding upon Lessee for any purpose until Lessee has been furnished by Lessor, or by his heirs, devisees, legal representatives, or assigns, with satisfactory written evidence thereof, including (if such change is effected by conveyance) the original recorded muniments of title or certified copies thereof. An assignment of this lease, in whole or in part, shall, as to the extent of such assignment, relieve and discharge Lessee of all obligations hereunder. All covenants and agreements of Lessor herein contained shall run with the above described land and the minerals thereunder, and the royalties hereunder and all covenants and agreements of Lessee shall run with the estate created under the terms hereof, all of which shall extend to, and be binding upon, the heirs, legal representatives, successors, and assigns of the respective parties hereto.

7. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes, or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or Lessor's assigns under this lease.

8. Each of the separate tracts described in and covered by this lease shall be treated as though a separate lease on this same form was executed on each separate tract insofar as extension of the primary term is concerned, so that operations or production on one tract will not hold any other tract or tracts beyond the primary term.

9. The following pooling provisions shall apply to FIRST TRACT. If, after all of the acreage herein leased has been completely and reasonably developed insofar as possible under the spacing pattern prescribed or permitted by the Railroad Commission of Texas or other regulatory authority, there remains an undeveloped portion too small in surface acreage content to constitute a drilling or production unit under the applicable spacing regulations, then such remaining portion smaller than a drilling or production unit as to any one or more minerals, horizons, or strata thereunder, may be pooled with sufficient adjacent or contiguous acreage, horizons, or strata, as often as necessary, so as to form a unit or units of not more than forty (40) acres plus a tolerance of ten per cent (10%) each for oil or three hundred and twenty (320) acres plus a tolerance of ten per cent (10%) each for gas, unless the Railroad Commission of Texas or other regulatory authority prescribes for gas an area in excess thereof as the size unit which will permit the maximum allowable production from one gas well, in which event a unit may be formed for gas of such greater size as said regulatory authority may prescribe. Lessee shall file written unit designations in the county in which the leased premises is located. Drilling operations and production on any part of the pooled acreage shall be treated as if such drilling operations were upon or such production was from the land described in this lease, whether the well or wells be located on the lands covered by this lease or not. The entire acreage pooled into a unit shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. In lieu of the royalties herein provided, Lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved. In no event, however, shall drilling or production from a pooled unit be sufficient to perpetuate the remainder of the lease as to the area outside the unit without operations or production in paying quantities therefrom after the primary term.

10. The following pooling provisions shall apply to SECOND TRACT. As to oil: If, after all of the acreage herein leased has been completely and reasonably developed insofar as possible under the

spacing pattern prescribed or permitted by the Railroad Commission of Texas or other regulatory authority, there remains an undeveloped portion too small in surface acreage content to constitute a drilling or production unit under the applicable spacing regulations, then such remaining portion smaller than a drilling or production unit, as to any one or more minerals, horizons, or strata thereunder, may be pooled with sufficient adjacent or contiguous acreage, horizons, or strata, as often as necessary, so as to form a unit or units of not more than forty (40) acres plus a tolerance of ten per cent (10%) each for oil. As to gas: All, but not less than all, of the acreage herein leased, as to any one or more minerals, horizons, or strata thereunder, may be pooled with sufficient adjacent or contiguous acreage, horizons, or strata, as often as necessary, so as to form a unit or units of not more than three hundred and twenty (320) acres plus a tolerance of ten per cent (10%) each for gas, unless the Railroad Commission of Texas or other regulatory authority prescribes for gas an area in excess thereof as the size unit which will permit the maximum allowable production from one gas well, in which event a unit may be formed for gas of such greater size as said regulatory authority may prescribe. Lessee shall file written unit designations in the county in which the leased premises is located. Drilling operations and production on any part of the pooled acreage shall be treated as if such drilling operations were upon or such production was from the land described in this lease, whether the well or wells be located on the lands covered by this lease or not. The entire acreage pooled into a unit shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. In lieu of the royalties herein provided, Lessor shall receive on production from the unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved. In no event, however, shall drilling or production from a pooled unit be sufficient to perpetuate the remainder of the lease as to the area outside the unit without operations or production in paying quantities therefrom after the primary term.

11. Anything herein to the contrary notwithstanding, Lessee covenants and agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for charges incurred to the point of sale (delivery to the pipeline after passing through the processing plant for the extraction of gasoline, liquid hydrocarbons, or other products), including the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas, and other minerals produced hereunder ready for sale or use, but excluding any severance taxes attributable to Lessor's interest.

12. Regardless of other terms and provisions of this lease, the term "other minerals" does not include coal, uranium, iron, or similar ores; the term "produced" shall mean "produced in paying quantities"; the provision in paragraph three for payment in lieu of royalty from shut-in gas wells shall apply only for two years in the aggregate after the expiration of the primary term; and the "free use of water" does not include water necessary for water flooding or other secondary recovery operations. Neither does this lease authorize Lessee to use any sand, salt, or other underground formation for storage purposes.

13. Without limitation upon the obligation to reasonably develop the acreage retained hereunder, it is agreed between Lessor and Lessee that after the end of the primary term if more than 180 consecutive days elapse between the end of said primary term and the commencement of drilling operations on a well, or if thereafter, in the event more than 180 consecutive days elapse between the completion of a well, either as a producing well or as a dry hole, and the commencement of drilling operations for the next well, Lessee shall execute and deliver to Lessor, or place of record in the Official Public Records of Tarrant County, Texas, a proper recordable instrument releasing those portions of said land covered hereby other than the developed acreage as herein defined. "Developed acreage" where used herein shall mean sufficient acreage around each well where production, drilling, or reworking operations have not ceased for more than 60 days, to constitute a drilling or maximum allowable unit under applicable governmental regulations, such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as the then existing spacing rules require.

14. Lessee also agrees to promptly pay Lessor, or the owners of the surface if parties other than Lessor, for any actual damage caused by Lessee hereunder to Lessor's land, growing crops, timber, etc., and to repair or pay for any and all damage to roads, bridges, fences, gates, and cattle guards on the leased premises resulting from any of Lessee's operations hereunder. Lessee agrees to back-fill any slush pit or other excavation on the leased premises when it is not being used by Lessee, and to level the land to its former condition as near as is practical.

15. a. Regardless of any other provisions of this lease, Lessee shall deliver or pay all royalties, as herein specified, within 120 days of the last day of the month in which royalty products were produced if delivered in kind or sold if paid in cash. In the event Lessee fails to deliver or pay such royalties within such 120 day period, herein called "due date", Lessor shall give Lessee written notice by certified mail c/o District Land Manager, return receipt requested, of any such failure and Lessee, if in default, shall have 45 days after receipt of said notice to pay or deliver such royalty in the manner herein provided. In the event Lessee fails to pay or deliver such royalty within the 45 day period, Lessor, at Lessor's option, may terminate this lease, ipso facto, by giving Lessee written notice by certified mail c/o District Land Manager, return receipt requested.

b. In the event a licensed attorney at law representing either Lessee, or a purchaser of the royalty production, renders a written opinion that there exists a bona fide title dispute question of royalty entitlement, or should any other circumstances reasonably prevent Lessee from paying or delivering royalty to the rightful owner, Lessee may, within said 120 day period, deliver or pay by bill of interpleader said royalty into the district court where the land or any part thereof is located, or said royalty may be paid to JSC Federal Credit Union, Houston, Texas, as Trustee; said royalty to be retained by such court or by said Trustee pending resolution of the title question or other circumstance. While such royalty is retained by the court or by said Trustee, all such royalties shall be invested in an interest bearing account and the interest shall belong to, and be paid to, whosoever be determined to be the correct and rightful owner.

c. In the event any terms or provisions of this lease reasonably give rise to a dispute or conflict concerning interpretation as to royalty entitlement, the Lessee may, within the above provided 120 day period, deliver or pay said royalty unto the Trustee designated in paragraph 15 b above and said royalty shall be retained by such Trustee pending resolution of the dispute or conflict concerning interpretation. While said royalty is retained by said Trustee, all such royalties shall be invested in an interest bearing account pending the resolution of such dispute or conflict and the interest shall be paid to the rightful royalty owner.

d. Payment or delivery under the circumstances set out in paragraphs 15 b or c above shall be deemed as payment of royalty under this lease.

e. On any and all royalties which are not paid or delivered in accordance with the provisions of paragraphs 15 a, b, or c above, Lessee shall pay Lessor interest at the prime rate charged by JSC Federal Credit Union, Houston, Texas, as of the royalty due date plus 2%, not to exceed the legal rate, and the statement of prime interest rate of said Bank shall be conclusive on the parties. Said interest is to be paid by said Lessee from and after due date of royalty until payment or delivery of royalty, as such is herein provided.

16. It is understood and agreed that one year after the expiration of the primary term of this lease, upon the expiration of any extension or renewal, or after cessation of operations as provided herein, whichever occurs last, Lessee shall release all rights lying below one hundred feet (100') below the deepest depth drilled in any well drilled on the leased premises or on lands with which the leased premises has been pooled or unitized.

17. The following special provisions shall control in the event that they are in conflict with any of the foregoing provisions:

- a. This lease is made and accepted subject to all restrictions of record in the Official Public Records of Tarrant County, Texas, and all ordinances of the City of Mansfield, Texas, affecting above-ground surface operations in connection therewith.
- b. It is agreed that if Lessor owns an interest in said land less than the interest specified above, then the royalties, shut-in royalties, and other payments herein provided for shall be reduced proportionately. In the event that it is determined that Lessor owns an additional interest in said land, then Lessor hereby agrees to lease such interest to Lessee on the same terms, provisions, and conditions as are set forth in this lease and for the same monetary consideration on a per acre basis as was paid for this lease.

18. The recordation of this lease or a memorandum thereof by Lessee in the Official Public Records of Tarrant County, Texas, shall constitute Lessee's acceptance thereof and Lessee's agreement to

be bound by all of the terms and provisions thereof, the same as if this lease had been signed and acknowledged by Lessee.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

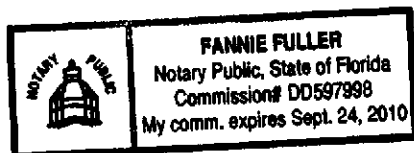
  
\_\_\_\_\_  
Carol W. Holland

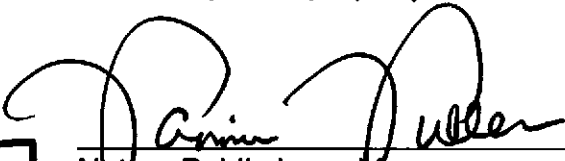
LESSOR

THE STATE OF FLORIDA       §

COUNTY OF PINELLAS       §

This instrument was acknowledged before me on the 7 day of January, 2009, by Carol W. Holland, a married woman dealing in her sole and separate property.



  
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Notary Public in and for  
the State of Florida

## ADDENDUM

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated January 7, 2009, by and between Carol W. Holland, a married woman dealing in her sole and separate property, as Lessor and Grande Energy Company d/b/a Grandeco Corp., Lessee, covering lands in Tarrant County, Texas.

**FIRST TRACT: 424 acres of land, more or less, located in the Henry McGehee Survey, Abstract No. 998, Tarrant County, Texas, and being those same lands more particularly described thereof in a Warranty Deed executed on April 14, 1950 and recorded thereof in Volume 2195 Page 426, Deed Records, Tarrant County, Texas**

**SECOND TRACT: 127.7 acres of land, more or less, located in the J. R. Worrell Survey, Abstract No. 1736, Tarrant County, Texas, and being those same lands more particularly described thereof in a Warranty Deed executed on April 14, 1950 and recorded thereof in Volume 2195 Page 426, Deed Records, Tarrant County, Texas**

INITIAL FOR IDENTIFICATION: CWH